

**AKRON, COLUMBIA,
WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE
FIRE DEPARTMENT
UNIONVILLE, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2008**

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**UNIONVILLE, MICHIGAN
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Nietzke & Faupel, PC

Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

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REPORT OF INDEPENDENT AUDITORS

To the Fire Board
Akron, Columbia, Wisner Townships,
and Village of Unionville Fire Department
Unionville, Michigan 48767

We have audited the accompanying financial statements of the business-type activities of the Akron, Columbia, Wisner Townships and Village of Unionville Fire Department, Unionville, Michigan as of and for the year ended March 31, 2008, as listed in the table of contents. These financial statements are the responsibility of Akron, Columbia, Wisner Townships and Village of Unionville Fire Board, Unionville, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Akron, Columbia, Wisner Townships and Village of Unionville Fire Board, Unionville, Michigan, as of March 31, 2008, and the changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 3 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Nietzke & Faupel P.C.

NIETZKE & FAUPEL, P.C.
SEBEWAING, MICHIGAN

June 26, 2008

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Circular 230 Disclosure: To the extent the above contains an opinion on one or more federal tax issues, such opinion was not written to be used and cannot be used for the purpose of avoiding penalties.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The discussion and analysis of ACW-Unionville Fire Board's financial performance provides an overview of the Board's financial activities for the year ended March 31, 2008. This report is a part of the Board's Annual Report. The discussion and analysis is not comparative as the audit is preformed bi-annually.

The purpose of the Board is to provide fire protection for 32 Sections in Akron Township, 38 sections in Columbia Township, 9 sections in Wisner Township plus the Village of Unionville.

Using the Annual Report

This annual report consists of a series of financial statements as follows:

The Statement of Net Assets presents information on all of the Board's assets and liabilities, with the difference between the two reported as net assets.

The Statement of Revenue, Expenses and Changes in Net Assets presents information showing how the board's net assets changed during the most recent year. All changes in net assets are reported on an accrual basis, that is, the event is recorded in the accounting records when the underlying event takes place regardless of the timing of the related cash flows.

The Statement of Cash Flows presents the financial activities of the Board on cash received and cash paid basis.

Notes to the Financial Statements provide additional details underlying the data provided in the financial statements.

Financial Highlights

The Statement of Net Assets outlines the assets, liabilities and net assets of the Board.

Unrestricted current assets (cash, investments and receivables)	\$ 49,726
Capital Assets	<u>74,395</u>
Total Assets	<u>\$124,121</u>
Current Liabilities:	\$ 16,331
Non-Current Liabilities:	<u>70,197</u>
Total Liabilities	86,528
Total Net Assets	<u>\$ 37,593</u>

The board realizes nearly all of its operating revenue is from two sources: charges for services to the four entities and fire run fees. Charges for services in the amount of \$59,804 comprise 90% of the revenue while fire run fees in the amount of \$5,420 are 8% of operating revenue. The relative percentages for sources of revenue do not change significantly from one year to the next.

The largest expense is depreciation making up \$51,826 or 59% of the expenses. Insurance expense in the amount of \$15,263 is 17% of the expenses. Personal services and materials make up the remaining \$21,188 or 24% of the total expenses.

Request for Information

This financial report is designed to provide citizens of Akron, Columbia and Wisner Townships as well as the Village of Unionville with a general overview of the Board's finances and to show accountability for the funding it receives. Questions concerning any of the information in this report should be addressed to: Dean Hartman, Chairman, ACW Unionville Fire Board, Unionville, MI 48767.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**STATEMENT OF NET ASSETS
MARCH 31, 2008**

Current assets:

Cash	\$ 37,664
Accounts receivable-net of allowance for doubtful accounts	1,750
Prepaid insurance	<u>10,312</u>
Total current assets	<u>49,726</u>

Non-current assets:

Capital assets:

Equipment	477,088
Accumulated depreciation	<u>(402,693)</u>
Total non-current assets	74,395

Total assets

\$ 124,121

Current liabilities:

Accounts payable	\$ 1,041
Accrued interest	3,120
Current portion of long term debt	<u>12,170</u>
Total current liabilities	16,331

Non-current liabilities:

Note payable-net of current	70,197
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Total liabilities

86,528

Net assets:

Investment (deficit) in capital assets, net of related debt	(7,972)
Unrestricted	<u>45,565</u>
Total net assets	\$ <u>37,593</u>

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2008**

OPERATING REVENUES:

Assessments:

Village of Unionville	\$ 8,971
Township of Akron	20,333
Township of Columbia	24,520
Township of Wisner	5,980
Fire runs	5,420
Miscellaneous	1,296

TOTAL OPERATING REVENUE	<u>66,520</u>
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OPERATING EXPENSES:

Wages	6,546
Taxes - FICA	501
Mileage	31
Operating supplies	1,069
Memberships and dues	150
Court costs	1,052
Telephone	588
Gasoline	1,414
Insurance	15,263
Utilities	4,515
Repairs and maintenance	749
Education and training	1,715
Office supplies	242
Depreciation expense	51,826
Accounting fee	650
Miscellaneous	1,965

TOTAL OPERATING EXPENSES	<u>88,277</u>
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OPERATING (LOSS)	<u>(21,757)</u>
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NONOPERATING REVENUE (EXPENSES):

Interest income	629
Interest expense	(4,071)

TOTAL NONOPERATING (EXPENSE)	<u>(3,442)</u>
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CHANGE IN NET ASSETS	(25,199)
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NET ASSETS AT APRIL 1	62,792
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NET ASSETS AT MARCH 31	<u>\$ 37,593</u>
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**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from townships and village for fire service	\$ 59,804
Cash received from others for fire services	12,277
Cash received from insurance refund	1,296
Cash payments to employees	(7,047)
Cash payments to suppliers for materials and services	(29,046)

Net cash provided by operating activities	37,284
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**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Principal payment	(11,613)
Interest expense	(4,511)

Net cash (used) by capital and related financing activities	(16,124)
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CASH FLOW FROM INVESTING ACTIVITIES:

Interest income	629
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Net cash provided by investing activities	629
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NET INCREASE IN CASH	21,789
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CASH AT APRIL 1	15,875
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CASH AT MARCH 31	\$ 37,664
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**Reconciliation of operating (loss) to net cash flows from
operating activities:**

Operating (loss)	\$ (21,757)
Add depreciation expense	51,826
Changes in current assets and current liabilities:	
(Increase) decrease in current assets	
Accounts receivable	7,554
Prepaid insurance	(683)
Increase (decrease) in current liabilities:	
Accounts payable	344

Net cash provided by operating activities	\$ 37,284
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**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies are described below.

Reporting Entity

The Akron, Columbia, Wisner Townships and Village of Unionville Fire Department (ACW-Unionville Fire Department) is a jointly governed organization, located in the Village of Unionville, which provides fire protection services to participating townships and the village. The Fire Board consists of eight members, two from each township and two from the Village of Unionville.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the funds of the Board. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading, if data were not included. Based on the criteria, there are no component units which should be included in the financial statements of the ACW-Unionville Fire Board.

Measurement Focus, Basis of Accounting and Basis of Presentation

The ACW-Unionville Fire Board is presented as an enterprise fund. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or an economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Fire department follows all pronouncements of the Governmental Accounting Standards Board, and has elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deposits and Investments

For purposes of the statement of cash flows, cash is defined as cash and cash equivalents having original maturities ranging from three to fifteen months from the date of acquisition.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets

Capital assets are defined by the Board as assets with an initial, individual cost of more than \$1,000. Capital assets of the Board are reported at cost or the fair market value at the time of contribution to the Board. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	Years
Equipment	5 - 7

NOTE 2 - CASH DEPOSITS:

Michigan Complied Laws, Section 129.91, authorizes the Board Treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Board's deposits are in accordance with statutory authority. The Board has authorized management to deposit and invest in the accounts of securities and other obligations of the United States, or any agency of the United States in which the principal and interest is fully guaranteed by the United States, or any agency of the United States in which the principal and interest is fully guaranteed by the United States. The Board's deposits and investments are within the authorization as set forth by ACW Unionville Fire Department.

At March 31, 2008, the carrying amount of the Board's deposits was \$37,664 and the bank balance was \$38,010. Of the bank balance, \$38,010 was covered by federal depository insurance.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 3 – ACCOUNTS RECEIVABLE:

Accounts receivable at March 31, 2008 and 2007 consisted of the following balances:

	<u>2008</u>	<u>MARCH 31,</u> <u>2007</u>
Over 30 days	\$ 750	\$ 2,661
Over 60 days		750
Over 90 days	<u>3,695</u>	<u>6,393</u>
Subtotal	4,445	9,804
Less: Allowance for doubtful accounts	(2,695)	(500)
Total	<u>\$ 1,750</u>	<u>\$ 9,304</u>

NOTE 4 - CHANGES IN CAPITAL ASSETS:

	<u>BALANCE</u> <u>MARCH 31,</u> <u>2007</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2008</u>
CAPITAL ASSETS:				
Equipment	\$ 477,088			\$ 477,088
TOTAL CAPITAL ASSETS	477,088			477,088
Less: Accumulated depreciation	(350,867)	\$ (51,826)		(402,693)
NET CAPITAL ASSETS	<u>\$ 126,221</u>	<u>\$ (51,826)</u>	<u>\$ 0</u>	<u>\$ 74,395</u>

NOTE 5 – LONG-TERM DEBT:

Long-term obligation activity can be summarized as follows:

	<u>BALANCE</u> <u>MARCH 31,</u> <u>2007</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u> <u>AND</u> <u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2008</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Capital Lease	\$ 93,980	\$ 0	\$ 11,613	\$ 82,367	\$ 12,170

ACW-Unionville Fire Board entered into a capital lease agreement in the amount of \$165,724 at an interest rate of 4.8% for ten years. The capital lease was used to purchase an Emergency One Tradition Pumper. At the end of the lease, the Fire Board has an option to purchase in the amount of \$1.00.

(CONTINUED)

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 5 – LONG-TERM DEBT: (CONTINUED)

Depreciation of the vehicle being purchase by capital lease is included in depreciation expense. The following is a schedule, by years, of future minimum lease payments under the capital lease as of March 31, 2008:

2008	\$ 16,124
2009	16,124
2010	16,124
2011	16,124
2012	16,124
2013	<u>16,124</u>
	96,744
Amount representing interest	<u>(14,377)</u>
	<u>\$ 82,367</u>

NOTE 6 - RISK MANAGEMENT:

General Liability:

ACW Unionville Fire Department purchased commercial insurance for all general liability coverage.

Worker's Compensation:

ACW Unionville Fire Department purchased its workmen's compensation insurance coverage from a commercial insurance company. The purchase of the coverage constitutes a transfer of the risk for significant losses with a coverage limit of \$500,000.

June 26, 2008

Communication with Those Charged with Governance

To the Fire Board
Akron, Columbia, Wisner Townships, and
Village of Unionville Fire Department

We have audited the financial statements of the business-type activities for the year ended March 31, 2008, and have issued our report thereon dated June 26, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. General Accepted Auditing Standards

As stated in our engagement letter dated May 8, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the ACW Unionville Fire Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we felt were particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatement identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements. Our professional standards require that consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Fire Board and management of the ACW Unionville Fire Department and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Nietzke & Company P.C.

NIETZKE & COMPANY, P.C.,
Certified Public Accountants

Communication of Significant Deficiencies and Material Weaknesses

To the Fire Board of
Akron, Columbia, Wisner Townships, and
Village of Unionville Fire Department

In planning and performing our audit of the financial statements of ACW Unionville Fire Department as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered ACW Unionville Fire Department's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The AICPA Auditing Standards Board issued Statements on Audit Standards (SAS) 112 which establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting and is effective for periods ending

after December 15, 2006. According to SAS 112, it is considered to be a control deficiency if a client we are auditing has ineffective controls over the preparation of their financial statements such that client controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of the financial statements, including the related footnotes.

The personnel of ACW Unionville Fire Department have the capability to perform monthly internal accounting functions and reports as required by management. The personnel of ACW Unionville Fire Department do not have the expertise to prepare the annual financial statements and related footnotes in accordance with the method of accounting utilized in the external audit report. We believe this meets the definition of a material weakness under Statement on Auditing Standards 112.

This communication is intended solely for the information and use of management, the Fire Board of ACW Unionville Fire Department, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Nietzke & Faupel P.C.
Nietzke & Faupel, PC
Pigeon, Michigan

June 26, 2008